

**REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA**

**A REVIEW OF THE STATE'S ALLOCATIONS AND
EXPENDITURES AT THE STATE LEVEL OF THE ADDITIONAL
TRANSPORTATION FUNDS MADE AVAILABLE BY THE
1989 TRANSPORTATION BLUEPRINT LEGISLATION**

**A Review of the State's Allocations and
Expenditures at the State Level of the Additional
Transportation Funds Made Available by the
1989 Transportation Blueprint Legislation**

F-030, February 1992

**Office of the Auditor General
California**



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February 26, 1992

F-030

Honorable Robert J. Campbell, Chairman
Members, Joint Legislative Audit Committee
State Capitol, Room 2163
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the State's allocations and expenditures at the state level of the additional transportation funds made available by the 1989 Transportation Blueprint legislation.

We conducted this audit to comply with Chapter 16, Statutes of 1989.

Respectfully submitted,

KURT R. SJOBERG
Auditor General (acting)

Table of Contents

Summary		S-1
Introduction		1
Chapter 1	The State's Policies and Procedures Provide an Adequate Basis for Allocating and Spending Additional Transportation Funds for the Purposes Authorized by the 1989 Transportation Blueprint Legislation	11
Chapter 2	In Fiscal Year 1990-91 the State Allocated and Spent Additional Transportation Funds Only for Purposes Authorized by the 1989 Transportation Blueprint Legislation	15
Appendices		
A	Collections of Additional Transportation Funds	19
B	Allocations of State Transportation Funds	21
C	Expenditures of Additional Transportation Funds	23
Response to the Audit	Business, Transportation and Housing Agency	25

Summary

Results in Brief Based on our review, we found that the State's fiscal year 1990-91 allocations and expenditures at the state level of the additional transportation funds made available by the 1989 Transportation Blueprint Legislation were for authorized purposes only. Specifically, we made the following conclusions:

- The transportation program guidelines and controls of the Department of Transportation (department) and the California Transportation Commission (commission) provide adequate policies and procedures to give reasonable assurance that the State allocates and spends the additional transportation funds at the state level only for the transportation programs authorized by the 1989 Transportation Blueprint Legislation. Also, the purposes of the transportation projects included in the plans prepared by the department and commission are authorized by the legislation.
- During fiscal year 1990-91, the State allocated and spent at the state level the additional transportation funds made available by the 1989 Transportation Blueprint Legislation for authorized purposes only. These allocations and expenditures also complied with the guidelines and controls of the department and the commission.

Background In 1989, the Legislature and the governor approved Chapters 105, 106, and 108 of the Statutes of 1989. These statutes included provisions for generating over ten years an estimated \$18.5 billion in additional funds for transportation. Amending the Government Code, the Revenue and Taxation Code, the Streets and Highways Code, and other codes, these statutes became effective when the voters approved Proposition 111 (the Traffic Congestion Relief and Spending Limitation Act of 1990) and Proposition 108 (the Passenger Rail and Clean Air Bond Act of 1990) in June 1990. The codes, as amended by Chapters 105, 106, and 108, Statutes of 1989, are collectively referred to in this report as the 1989 Transportation Blueprint Legislation.

The 1989 Transportation Blueprint Legislation authorizes various purposes for which the State must use the additional funds. These purposes include funding transportation programs that are part of the planning documents of the following programs: the State Transportation Improvement Program (STIP), the Highway Systems Operation and Protection Plan Program (HSOPP), and the Traffic Systems Management Program (TSM). Other purposes specified in the legislation include the Environmental Enhancement and Mitigation Program, the State-Local Transportation Partnership Program, and Transit Operations and Capital Improvements. The legislation also provides for disbursements of transportation funds to cities and counties for local transportation.

In general, the additional transportation funds provided by the 1989 Transportation Blueprint Legislation are allocated by the commission and spent by the department and the State Controller's Office (SCO). Specifically, when a transportation project within the STIP, the HSOPP, or the TSM is ready for implementation, the commission may obligate transportation funds for the project. The commission's obligation of transportation funds is referred to as an allocation. The department then spends the transportation funds the commission has previously allocated for the STIP, the HSOPP, and the TSM. The department also spends transportation funds for the other transportation programs not subject to allocation by the commission. Finally, the SCO disburses transportation funds directly to cities and counties. The SCO's disbursements are not subject to allocation by the commission.

**The State's
Policies and
Procedures
Provide an
Adequate Basis
for Allocating
and Spending
Additional
Transportation
Funds**

We found that the commission's and the department's guidelines and controls provide adequate policies and procedures to give reasonable assurance that the State allocates and spends the additional transportation funds at the state level only for authorized programs. The authorized programs consist of various transportation programs of the STIP, the HSOPP, and the TSM. We also found that the plans the department and the commission prepared comprise only transportation projects for purposes authorized by the 1989 Transportation Blueprint Legislation and that they comply with the related guidelines.

**In Fiscal Year
1990-91 the
State Allocated
and Spent
Additional
Transportation
Funds Only for
Authorized
Purposes**

We found that the commission's allocations at the state level of additional transportation funds during fiscal year 1990-91 were made only for purposes authorized by the 1989 Transportation Blueprint Legislation and applicable guidelines. Further, the allocations were made only for projects that had been included in applicable plans. We also found that the department's expenditures during fiscal year 1990-91 for the STIP, the HSOPP, the TSM, the State-Local Transportation Partnership Program, and Transit Operations and Capital Improvements were only for purposes authorized by the legislation and that they complied with the terms of the commission's allocations. Finally, based on our review, we found that the SCO calculated disbursements of additional transportation funds to local governments in accordance with the legislation.

**Agency
Comments**

The Business, Transportation and Housing Agency concurs with the findings in our report.

Introduction

In 1989, the Legislature and the governor approved Chapters 105, 106, and 108 of the Statutes of 1989. Amending the Government Code, the Revenue and Taxation Code, the Streets and Highways Code, and other codes, these statutes became effective when the voters approved Proposition 111 (the Traffic Congestion Relief and Spending Limitation Act of 1990) and Proposition 108 (the Passenger Rail and Clean Air Bond Act of 1990) in June 1990. The codes, as amended by Chapters 105, 106, and 108, Statutes of 1989, are collectively referred to in this report as the 1989 Transportation Blueprint Legislation.

The 1989 Transportation Blueprint Legislation includes provisions for generating additional sources of funds for transportation needs. It also creates a transportation funding plan that governs the use of the additional funds. Specifically, the legislation and the guidelines prepared as required by the legislation include specific requirements the State must follow in allocating and spending these additional funds.

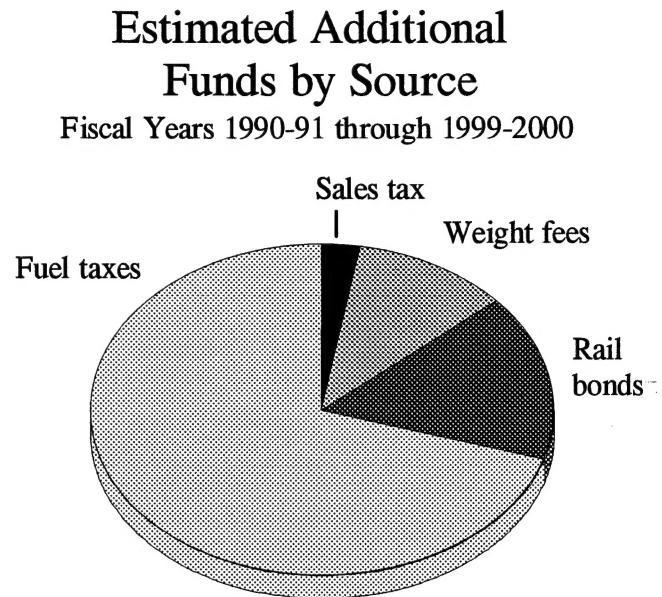
As required by Government Code, Section 14525.6, we reviewed the State's allocations and expenditures at the state level of the additional transportation funds made available by the 1989 Transportation Blueprint Legislation. Our aim was to determine whether the purposes for which those funds were allocated and spent during fiscal year 1990-91 conform to the requirements of the legislation.

**Sources of the
Additional
Transportation
Funds**

The 1989 Transportation Blueprint Legislation included provisions for generating additional transportation funds estimated at \$18.5 billion for the ten fiscal years beginning July 1, 1990. The sources of the additional transportation funds are increased fuel tax revenues, sales tax revenues, commercial vehicle weight fees, and proceeds from general obligation bonds. Specifically, the legislation increased the gasoline and diesel fuel tax rates by five cents per gallon on August 1, 1990, and by one cent on January 1, 1991. It will then increase them by an additional one cent every January 1 from 1992 through 1994. These increases in fuel tax rates also result in increased sales tax revenues because the sales tax applies to the cost of the fuel plus the amount of the fuel tax. In addition, the legislation increased weight fees on most commercial vehicles by 40 percent on August 1, 1990, and will increase them by an additional 10 percent beginning on January 1, 1995. Finally, the legislation authorized three separate \$1 billion rail bond acts to be submitted for voter approval in June 1990, November 1992, and November 1994. In June 1990, voters approved the increases in fuel taxes and weight fees and authorized the first \$1 billion rail bond act.

According to the California Transportation Commission's (commission) 1990 annual report, the additional transportation funds that the 1989 Transportation Blueprint Legislation provides will result in the estimated increases identified in Figure 1.

Figure 1



**Estimated Additional
Funds by Source**
(In Millions)

Sales tax revenues	\$ 500
Commercial vehicle weight fees	2,000
Proposition 108 rail bonds	3,000 (a)
Fuel tax revenues	<u>13,000</u>
Total	\$18,500

a As of June 30, 1991, the voters have approved only \$1 billion of this amount. In addition, this amount does not include approximately \$2 billion of bonds authorized by the Clean Air and Transportation Improvement Act of 1990 (Proposition 116) which the voters approved in June 1990. Proposition 116 funds were not part of our review.

Source: The California Transportation Commission's 1990 Annual Report.

The \$18.5 billion is an estimate of the anticipated additional transportation funds that the 1989 Transportation Blueprint Legislation will provide for the ten-year period. However, the legislation states that periodic revisions of the estimated amount of these additional funds will be necessary. Appendix A shows approximately \$886 million of additional transportation funds collected in fiscal year 1990-91.

**Uses of
Additional
Transportation
Funds**

The 1989 Transportation Blueprint Legislation authorizes various purposes for which the State must use the additional funds. These purposes include those of the State Transportation Improvement Program (STIP), which comprises all major projects in the following programs:

- **Flexible Congestion Relief Program.** A program to reduce or avoid congestion on existing transportation systems by increasing their capacities;
- **Interregional Road System Program.** A program to improve state highways outside of urban areas;
- **Retrofit Soundwalls Program.** A program to place soundwalls along existing state freeways to reduce noise levels;
- **Intercity Rail Program.** A program to provide and enhance rail transportation for specified urban corridors; and
- **Commuter and Urban Rail Transit Program.** A program to provide rail transportation for medium distance home-to-work and urban passengers.

Other purposes authorized by the 1989 Transportation Blueprint Legislation are the following:

- **Highway Systems Operation and Protection Plan Program (HSOPP).** A program that provides for rehabilitation, safety improvements, and other minor improvements of the state highway system;
- **Traffic Systems Management Program (TSM).** A program to provide solutions for congestion relief on the state highway system in urban areas;
- **Environmental Enhancement and Mitigation Program.** A program designed to fund projects that will enhance the environment surrounding transportation facilities and mitigate the environmental impact of proposed transportation improvements;
- **State-Local Transportation Partnership Program.** A program intended to provide matching funding to local governments for locally funded and constructed transportation projects; and
- **Transit Operations and Capital Improvements.** Programs to provide funding for various planning, ridesharing, and public transportation needs.

Finally, the 1989 Transportation Blueprint Legislation provides for disbursements of a portion of fuel tax revenues to cities and counties for local transportation. The legislation requires the State Controller's Office (SCO) to disburse these funds directly to individual cities and counties according to formulas defined by state law.

**Allocation and
Expenditure of
Additional
Transportation
Funds**

In general, the additional transportation funds provided by the 1989 Transportation Blueprint Legislation are allocated by the commission and spent by the Department of Transportation (department) and the SCO. Specifically, when a transportation project within the STIP, the HSOPP, or the TSM is ready for

implementation, the commission may obligate transportation funds for the project. The commission's obligation of transportation funds is referred to as an allocation. The department then spends the transportation funds that the commission has previously allocated for the STIP, the HSOPP, and the TSM. The department also spends transportation funds for the other transportation programs not subject to allocation by the commission. The department's expenditure of transportation funds includes payments that the department makes directly to contractors for services and payments that the department makes to reimburse local governments for services they incur. Finally, the SCO disburses transportation funds directly to cities and counties. The SCO's disbursements are not subject to allocation by the commission.

The 1989 Transportation Blueprint Legislation and the guidelines that were prepared as required by the legislation include specific requirements the commission must follow in allocating and that the department and the SCO must follow in spending the additional transportation funds generated by the legislation. These requirements include specifications of project types and costs, geographic areas, and highway and railway corridors for which the commission may allocate and the department may spend funds. In addition, the requirements specify the formulas that the SCO must use in calculating its disbursements of funds to cities and counties.

Further, the 1989 Transportation Blueprint Legislation specifies that in most cases the commission may only allocate funds to individual transportation projects included in the planning documents for the STIP, the HSOPP, and the TSM. According to the STIP/Regional Transportation Improvement Program development guidelines and the TSM guidelines, the department and local transportation agencies should work together to develop these planning documents so that the documents include only the eligible projects the commission should consider for allocation.

**The Ten-Year
Funding Plan
and Fiscal
Year 1990-91
Allocations and
Expenditures**

The 1989 Transportation Blueprint Legislation established a ten-year state transportation funding plan, which began on July 1, 1990. The funding plan mandates that the State spend the additional funds generated by the legislation over the ten years from July 1, 1990, to June 30, 2000, for the purposes authorized by the legislation. Figure 2 illustrates the legislation's funding plan.

Figure 2

Funding Plan in the 1989 Transportation Blueprint Legislation Fiscal Years 1990-91 through 1999-2000 (In Millions)	
State Transportation Improvement Program:	
Flexible Congestion Relief Program	\$ 3,000
Interregional Road System Program	1,250
Retrofit Soundwalls Program	150
Intercity Rail and Commuter and Urban Rail Transit Programs	3,000
Funding of the 1988 State Transportation Improvement Program Shortfall	3,500
Other Programs	
Highway Systems Operation and Protection Plan Program	1,000
Traffic Systems Management Program	1,000
Environmental Enhancement and Mitigation Program (a)	100
State-Local Transportation Partnership Program	2,000
Transit Operations and Capital Improvements	500
Disbursements to Cities and Counties	3,000
Total	\$ 18,500
(a) The 1989 Transportation Blueprint Legislation states that funding for the Environmental Enhancement and Mitigation Program will not begin until fiscal year 1991-92.	

In addition to the transportation funds made available by the funding plan of the 1989 Transportation Blueprint Legislation, other state transportation funds were available from sources existing prior to the enactment of the legislation. The legislation established a plan governing the allocation and expenditure of both the funds made available by the legislation and those existing prior to the legislation. Therefore, the commission combines these funds when it makes allocations. The commission allocated approximately \$377 million of these state transportation funds to transportation projects during fiscal year 1990-91, as shown in Appendix B.

During fiscal year 1990-91, the State spent a total of approximately \$714 million of the additional transportation funds made available by the 1989 Transportation Blueprint Legislation, as shown in Appendix C. These expenditures of approximately \$714 million included approximately \$480 million in expenditures that were not subject to allocation by the commission.

Scope and Methodology

In conducting our review, we evaluated the commission's and the department's policies for allocating and spending additional transportation funds. Specifically, we reviewed the guidelines and controls of the department and the commission that provide policies for identifying and prioritizing transportation projects and for spending additional transportation funds. Our aim was to determine whether the guidelines and controls provide a reasonable assurance that the commission allocates and the department spends additional transportation funds only for purposes that meet the requirements of the 1989 Transportation Blueprint Legislation. We also reviewed the plans that identify transportation projects for which the commission allocates and the department spends transportation funds to determine whether the purpose of the projects included in the plans meet the legislation's requirements.

To determine whether, in fiscal year 1990-91, the commission allocated transportation funds for transportation projects that met the purposes authorized by the 1989 Transportation Blueprint Legislation, we reviewed the provisions of a sample of allocations for each of the STIP's various programs, as well as allocations for

the HSOPP and the TSM. In addition, to determine whether the commission's allocations complied with the provisions of related guidelines and plans, we reviewed a sample of allocations.

To determine whether, in fiscal year 1990-91, the department spent transportation funds for purposes conforming to the requirements of the 1989 Transportation Blueprint Legislation, we reviewed a sample of expenditures of the transportation funds for the STIP, the HSOPP, the TSM, the State-Local Transportation Partnership Program, and Transit Operations and Capital Improvements. In addition, to determine whether the department's expenditures complied with the terms of the related allocations of transportation funds, we reviewed a sample of expenditures.

Finally, to determine whether the SCO calculated its disbursements of transportation funds to cities and counties in accordance with the formulas in the 1989 Transportation Blueprint Legislation, we reviewed the calculation of a sample of disbursements made during fiscal year 1990-91.

Chapter 1 The State's Policies and Procedures Provide an Adequate Basis for Allocating and Spending Additional Transportation Funds for the Purposes Authorized by the 1989 Transportation Blueprint Legislation

**Chapter
Summary** We found that the Department of Transportation's (department) and the California Transportation Commission's (commission) policies and procedures provide reasonable assurance that the State allocates and spends the additional transportation funds at the state level only for the transportation programs authorized by the 1989 Transportation Blueprint Legislation. In addition, we found that the purposes of the transportation projects included in the plans prepared by the department and the commission were authorized by the legislation.

**Program
Guidelines
Provide
Adequate
Policies and
Procedures** The department's and the commission's guidelines and controls provide adequate policies and procedures for implementing the various transportation programs of the State Transportation Improvement Program (STIP), the Highway Systems and Operations Protection Plan Program (HSOPP), and Traffic Systems Management Program (TSM). The 1989 Transportation Blueprint Legislation required the department to prepare and the commission to approve in cooperation with local transportation agencies the following guidelines for the STIP: STIP/Regional Transportation Improvement Program development guidelines, Flexible Congestion Relief Program guidelines, Intercity Rail Program guidelines, and Commuter and Urban Rail Transit Program guidelines. In addition, the legislation required the department to prepare and the commission to approve guidelines for the TSM.

As required by the 1989 Transportation Blueprint Legislation, the department elicited input from local transportation agencies in preparing these guidelines. Specifically, the department established task forces that included representatives of local transportation agencies. These task forces reviewed drafts of the guidelines and suggested changes to them. In addition, the department held public workshops to elicit input on the draft guidelines from local transportation agencies.

Further, the policies and procedures included in the guidelines for the STIP, the HSOPP, and the TSM provide an adequate basis for the commission to allocate and the department to spend transportation funds for the purposes of the STIP, the HSOPP, and the TSM as authorized by the 1989 Transportation Blueprint Legislation. Specifically, the guidelines provided adequate policies for identifying transportation projects that meet the purposes of the STIP, the HSOPP, and the TSM defined by legislation. They also provide adequate criteria for prioritizing the eligible projects, procedures for identifying projects' costs, and policies for allocating available transportation funds to the eligible projects.

For example, the TSM guidelines provide policies and procedures the commission and the department must follow when identifying projects that meet the purpose of the TSM as authorized by the 1989 Transportation Blueprint Legislation. Among other things, these policies specify the geographic areas in which the TSM projects may take place and the types of streets and highways that may be included in the projects. Further, based on the definition of the purpose of the TSM in the legislation, the policies in the guidelines define the types of projects and the types of costs that meet the purposes of the TSM. The TSM guidelines also provide project evaluation criteria the department must use in prioritizing the TSM projects. Finally, the guidelines provide the procedures that the commission and the department must follow to ensure that the planning of transportation projects is completed prior to allocating and spending transportation funds. These policies and procedures contained in the TSM guidelines provide reasonable assurance that the commission and the department are implementing the TSM according to the 1989 Transportation Blueprint Legislation.

**Transportation
Program Plans
Include
Authorized
Projects**

Based on our review, we found that the plans the department and the commission prepared include only transportation projects for purposes conforming with the requirements of the 1989 Transportation Blueprint Legislation and related guidelines. The legislation required the commission to adopt a plan for the 1990 STIP that included transportation projects that meet the purposes of the various subprograms of the STIP, such as the Flexible Congestion Relief Program and the Interregional Road System Program. Further, the legislation required the department to prepare plans for the 1990 HSOPP and the 1990 TSM to include transportation projects that meet the purposes of the HSOPP and the TSM, respectively.

The detailed descriptions of each of the 75 projects we reviewed from the plans for the 1990 STIP, HSOPP, and TSM met specific purposes of the applicable transportation programs as defined by the 1989 Transportation Blueprint Legislation and the applicable guidelines. The projects we reviewed from the plan for the STIP included projects of the following programs: the Interregional Road System Program, the Flexible Congestion Relief Program, the Intercity Rail Program, the Commuter and Urban Rail Transit Program, and the Retrofit Soundwalls Program.

Based on our review, we found that the projects described in plans for the STIP were located in geographic areas and on highway and railway corridors allowed by the 1989 Transportation Blueprint Legislation and applicable guidelines. For example, all of the projects we reviewed for the Interregional Road System Program were located on routes outside of urbanized areas, as authorized.

Further, we found that the project types and project costs described in the plans for the STIP and the TSM were in accordance with purposes defined in the 1989 Transportation Blueprint Legislation. For example, all of the TSM project types and costs we reviewed were for projects such as improving intersections or placing meters on freeway on-ramps, purposes authorized by the legislation and the TSM guidelines. Finally, we found that the projects described in the plans for the HSOPP were for rehabilitation, safety, and other minor improvements of the state highway system, as required.

Conclusion We conclude that the Department of Transportation's and the California Transportation Commission's guidelines, planning documents, and controls provide reasonable assurance that the State allocates and spends additional transportation funds at the state level only for the transportation programs authorized by the 1989 Transportation Blueprint Legislation. In addition, we conclude that the purposes of the transportation projects included in the plans prepared by the department and the commission were authorized by the legislation.

Chapter 2 In Fiscal Year 1990-91 the State Allocated and Spent Additional Transportation Funds Only for Purposes Authorized by the 1989 Transportation Blueprint Legislation

Chapter Summary

We found that during fiscal year 1990-91, the State allocated and spent at the state level the additional transportation funds made available by the 1989 Transportation Blueprint Legislation for authorized purposes only. These allocations and expenditures were in compliance with the guidelines and controls of the Department of Transportation (department) and the California Transportation Commission (commission).

The Commission's Allocations Were for Authorized Purposes

The 1989 Transportation Blueprint Legislation requires the commission to allocate transportation funds to projects of the State Transportation Improvement Program (STIP), the Highway Systems and Protection Plan Program (HSOPP), and the Traffic Systems Management Program (TSM). The legislation and the guidelines prepared by the department and approved by the commission as required by the legislation specify the purposes for which the commission should allocate transportation funds. The legislation states that in most cases the commission can allocate transportation funds only to projects in the plans for the STIP, the HSOPP, and the TSM.

We reviewed a total of 72 allocations for projects from the STIP, the HSOPP, and the TSM for fiscal year 1990-91. We found that these allocations were made only for project types, geographic areas, and highway and rail corridors, and had project costs, that complied with purposes defined in the legislation and applicable guidelines. For example, all of the allocations for projects of the Commuter and Urban Rail Transit Program that we reviewed were

for projects such as the acquisition of land for rail facilities and the acquisition of trains, which are purposes authorized by the legislation and the Commuter and Urban Rail Transit Program guidelines. Further, all of the allocations for the Commuter and Urban Rail Transit Program that we reviewed were for projects located on authorized routes. Finally, in compliance with the legislation, the amount of funds allocated for projects of the Commuter and Urban Rail Transit Program did not exceed the limit of 50 percent of the nonfederal share of the total project costs for any of the projects we reviewed.

In addition, each of the 72 allocations we reviewed was for a transportation project included in the applicable plan. For example, each of the allocations for projects for the STIP's subprograms was appropriately included in the STIP.

**The
Department's
Expenditures
Were for
Authorized
Purposes**

The 1989 Transportation Blueprint Legislation specifies the purposes for which the department can spend additional transportation funds. To determine whether the department spent the additional funds for required purposes, we reviewed a total of 66 expenditures of transportation funds the department made in fiscal year 1990-91 for the STIP, the HSOPP, the TSM, the State-Local Transportation Partnership Program, and Transit Operations and Capital Improvements. The expenditures we reviewed complied with the requirements of the legislation. In addition, all 36 of the 66 expenditures subject to the commission's allocation complied with the terms of the allocations.

For example, we reviewed a payment of \$41.6 million for a commuter rail project. The expenditure was for the acquisition of right-of-way property for a rail facility, a purpose allowable according to the 1989 Transportation Blueprint Legislation. This expenditure was also for a specific commuter rail route that is one of the routes identified as eligible for funding in the legislation. Finally, the purpose of the expenditure complied with the terms of the commission's allocation of transportation funds for the project.

In another example, the department properly spent additional transportation funds for projects that we reviewed of the State-Local Transportation Partnership Program for which local governments had requested funding. Specifically, for the projects we reviewed, the department appropriately applied the criteria defined in the 1989 Transportation Blueprint Legislation for determining their eligibility for funding and approved funding for only those projects meeting the criteria. Further, the department's calculation and disbursement of funds to local governments for the projects was based on ratios required by the legislation.

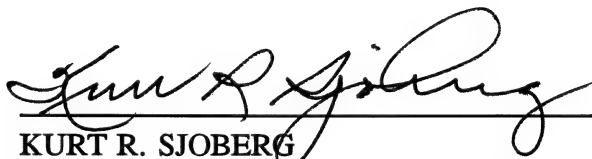
**Disbursements
by the State
Controller's
Office Followed
the Correct
Formulas**

The 1989 Transportation Blueprint Legislation specifies the formulas the State Controller's Office (SCO) must use to calculate the disbursement of additional transportation funds to local governments. We reviewed 55 disbursements of additional transportation funds to local governments for local transportation that the SCO calculated and disbursed. Each of the 55 disbursements we reviewed was calculated and disbursed according to the requirements in the legislation. Specifically, each of the disbursements of additional fuel tax revenues to cities and counties that we reviewed were calculated and disbursed using the formulas required by the legislation. These formulas are based on factors such as population within the city's boundaries and the number of vehicles registered and miles of road within the county's boundaries. Also, the disbursements of additional sales tax revenues to local transportation agencies that we reviewed were calculated and disbursed in compliance with the formulas required by the legislation. These formulas are based on the population and the amount of revenues collected by transit operators in the agencies' jurisdictions.

Conclusion We conclude that during fiscal year 1990-91 the State allocated and spent at the state level the additional transportation funds made available by the legislation only for authorized purposes. These allocations and expenditures were in compliance with the guidelines and controls of the Department of Transportation and the California Transportation Commission.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


KURT R. SJOBERG
Auditor General (acting)

Date: February 24, 1992

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Appendix A Collections of Additional Transportation Funds

Fiscal year 1990-91 is the first year covered by the 1989 Transportation Blueprint Legislation's ten-year state transportation funding plan. As illustrated in Table A-1, the additional sources of transportation funds that the 1989 Transportation Blueprint Legislation provided have resulted in the collection of approximately \$886 million during fiscal year 1990-91.

Table A-1 **Schedule of Additional Transportation Funds Collected**
Fiscal Year 1990-91
(In Thousands)

Collections	Amount
Fuel tax	\$690,277
Weight fees	120,182
Sales tax	31,530
Proposition 108 rail bonds	43,800 ^a
Total	\$885,789

Source: Department of Transportation and Board of Equalization records

^aThis amount does not include bond proceeds under the Clean Air and Transportation Improvement Act of 1990 (Proposition 116), which the voters approved in June 1990.

Appendix B Allocations of State Transportation Funds

Fiscal year 1990-91 is the first year covered by the 1989 Transportation Blueprint Legislation's ten-year state transportation funding plan. As illustrated in Table B-1, the California Transportation Commission has allocated approximately \$377 million in state transportation funds to transportation projects during fiscal year 1990-91. These state transportation funds consist of the funds made available by the funding plan of the legislation and those available from sources existing prior to the enactment of the legislation.

**Table B-1 Allocations of State Transportation Funds
Fiscal Year 1990-91
(In Thousands)**

Programs	Allocations
State Transportation Improvement Program	
Flexible Congestion Relief Program	\$ 86,981
Interregional Road System Program	10,182
Retrofit Soundwalls Program	6,585
Intercity Rail and Commuter and Urban Rail Transit Programs	141,537
Highway Systems Operation and Protection Plan Program	108,490
Traffic Systems Management Program	23,277
Total	\$377,052

Source: California Transportation Commission and Department of Transportation records

Appendix C Expenditures of Additional Transportation Funds

Fiscal year 1990-91 is the first year covered by the 1989 Transportation Blueprint Legislation's ten-year state transportation funding plan. As illustrated in Table C-1, the State has made cash outlays and commitments to spend approximately \$714 million of additional transportation funds made available by the funding plan of the legislation. These expenditures of approximately \$714 million included approximately \$480 million in expenditures that were not subject to allocation by the California Transportation Commission.

**Table C-1 Expenditures of Additional Transportation Funds
Fiscal Year 1990-91
(In Thousands)**

Programs	Cash Outlays and Commitments To Spend
State Transportation Improvement Program	
Flexible Congestion Relief Program	\$225,956
Interregional Road System Program	36,356
Retrofit Soundwalls Program	12,812
Intercity Rail and Commuter and Urban Rail Transit Programs	43,100
Highway Systems Operation and Protection Plan Program	148,629
Traffic Systems Management Program	28,617
State-Local Transportation Partnership Program	65,617
Transit Operations and Capital Improvements	13,200
Disbursements to Cities and Counties	139,833
Total	\$714,120

Source: Department of Transportation and State Controller's Office records



BUSINESS, TRANSPORTATION AND HOUSING AGENCY

February 20, 1992

CARL D. COVITZ
Secretary

Mr. Kurt R. Sjoberg
Acting Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Sjoberg:

Audit Report F-030

The Business, Transportation and Housing Agency concurs with your findings on the review of the Department of Transportation's allocations and expenditures of the additional transportation funds made available by the 1989 Transportation Blueprint Legislation.

We agree with your finding that the Department of Transportation and the California Transportation Commission have implemented appropriate guidelines and controls for the allocation and expenditure of Proposition 108 and 111 funds and that these funds have been allocated and expended as authorized by the Legislation.

Sincerely,

CARL D. COVITZ
Secretary

**cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps**